GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1959
ANSWERED ON:09.03.2001
FINANCIAL ASSISTANCE TO STATES
GIRDHARI LAL BHARGAV;RAJO SINGH;T. GOVINDAN

Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government have received some reports from various State Governments in regard to their financial problems;

(b) if so, the details in this regard, State-wise;

(c) the steps taken by the Union Government on the reports of State Governments;

(d) the details of proposals received by Union Government from various States for financial assistance during the last three years;

(e) the action taken thereon;

(f) the criteria for providing assistance to States;

(g) whether the Union Government charges interest

(h) if so, the total amount of interest outstanding against each State as on date alongwith interest paid so for by them?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (f): State Governments are responsible for management of their finances keeping in view the devolutions from the Centre. Owing to impact of the Fifth Pay Commission several States passedthrough periodic Ways & Means problem during the last two years and requested the Government of India from time to time for general and specific reliefs.

The Union Government through a combination of feasible measures helped the Statesto overcome their temporary cash imbalances and overdraft with the Reserve Bank of India to the extent possible.

The Eleventh Finance Commission wasrequired inter-alia to review the finances of the Union and the States and suggest ways and means by which the Governments collectively and severally may bring about a restructuring of the public finances so as to restore the budgetary balance and maintain macro economic stability. Government of India has accepted the recommendations of the Eleventh Finance Commission`s report which is beingimplemented from 2000-01. An incentive fund of Rs.10607.00 crore has been earmarked for the period 2000-01 to 2004-05 to encourage States to implement monitorable fiscal reforms.

(g) : Yes, Sir.

(h): A statement showing the details of total amount of interest outstanding against each State alongwith interest paid during 2000-01(as on 28.02.2001) so far by them to the Union Government(Ministry of Finance) is enclosed at Annexure.